Rs.50.52/US $ on December 2, 2008. US dollar gaining strength against major world currencies, outflows on account of Foreign Institutional Investment, reduced net capital inflows and widening trade deficit arising from elevated levels of global oil and commodity prices in the first half of the financial year are some of the factors that could be attributed for the depreciation of the rupee. For maintaining orderly conditions and to augment foreign currency liquidity in the foreign exchange market, the Reserve Bank of India (RBI) intervened through sale of US dollars. Due to the cumulative effect of the sale of US dollars by RBI and the valuation loss arising from the appreciation of US dollars against major world currencies, the foreign exchange reserves declined to a level of US $ 245.9 billion on December 5, 2008. The present level of foreign exchange reserves is adequate to meet emerging balance of payments situation in the short to medium term. The real macroeconomic impact of a global slowdown will differ between economies in which net exports are a major driver of growth and those like India in which foreign net demand plays a relatively lower role. The macroeconomic impact of the global financial turmoil on India has been relatively smaller due to the overall strength of domestic demand, the predominantly domestic nature of financing of investment and the structure of the economy; nevertheless with greater openness of the Indian economy relative to earlier periods, some slow down is likely in the short-run.

Fake currency notes

†2413. SHRI MOTILAL VORA:
MS. SUSHILA TIRIYA:

Will the PRIME MINISTER be pleased to state:

(a) whether Government is aware that a large number of fake currency notes are being pumped into the country;

(b) whether it is a fact that the Reserve Bank of India (RBI) has given instructions to be vigilant specially in respect of Rupees 1000 and 500 currency notes;

(c) whether it is also a fact that fake currency notes from Pakistan are coming through the Maitri Express and through Nepal and Bangladesh; and

(d) the action taken against the persons involved in the hawala business by Central Revenue Department during the last two years?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) As per information compiled by the National Crime Records Bureau, during the year 2007, a total of 303988 currency notes of different denominations amounting to a total of Rs.8,50,90,815/- were reported recovered and seized in the country.

(b) The Reserve Bank of India has given instructions to the Regional Offices and banks to arrange to get quality check of higher denomination bank notes by machines (100% of Rs.1000, 20% of Rs.500 and 10% of Rs.100 denomination bank notes) during the inspection of currency chests branches of banks near international border and other sensitive areas.

---

†Original notice of the question was received in Hindi.

(c) and (d) In terms of 7th Schedule to the Constitution of India, law and order being a State subject, State Govts./UT administrations are primarily responsible for prevention, detection, registration and investigation of crime including counterfeiting of currencies and for prosecuting the criminals through the machinery of their law enforcement agencies. However, Central Government supports the State Governments in their endeavours to investigate serious crimes. Appropriate action is taken as per law against the persons involved in the circulation of fake currency and hawala business.

Liberalization of insurance sector

2414. DR. (SHRIMATI) NAJMA A. HEPTULLA:
SHRI MAHENDRA MOHAN:

Will the PRIME MINISTER be pleased to state:

(a) whether Government proposes to bring comprehensive legislation to lay a road map for full liberalization of insurance sector including future privatization of Life Insurance Corporation (LIC) and the public sector general insurance companies;

(b) if so, the details thereof;

(c) whether all legislations related to insurance will be superseded by the new legislation; and

(d) if so, the details thereof and what provisions of existing insurance laws have been obsolete?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Government has introduced the following two Bills in the Parliament:

(i) Insurance Laws (Amendment) Bill, 2008 to ament the Insurance, Act, 1938, the General Insurance Business (Nationalisation) Act, 1972 and the Insurance Regulatory and Development Authority Act, 1999; and

(ii) Life Insurance Corporation (Amendment) Bill, 2008 to amend the Life Insurance Corporation Act, 1956.

The proposed amendments are aimed at bringing improvement and revision of laws relating to the insurance business and deletion of redundant provisions. It also incorporates certain provisions to provide Insurance Regulatory and Development Authority with flexibility to discharge its functions effectively and efficiently.

(c) No.

(d) Does not arise.

Funds for earthquake relief in Gujarat

2415. SHRI VIJAYKUMAR RUPANI: Will the PRIME MINISTER be pleased to state: